

The accompanying statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended are extracted from the full audited financial statements of Massy United Insurance Ltd. – Guyana Branch for the year ended 31 December 2019. The Report of the Independent Auditors, reproduced below, refers to the full audited financial statements and not the extracted statements only.

## REPORT OF THE INDEPENDENT AUDITORS

### *Opinion*

We have audited the accompanying financial statements of the Guyana Branch of Massy United Insurance Ltd. which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 08 to 30.

In our opinion, the financial statements, in all material respects, give a true and fair view of the financial position of the Branch as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act of Guyana.

### *Emphasis of Matter*

Section 171 of the Insurance Act 2016 requires an insurer to establish and maintain a statutory fund comprising assets held in trust to be used only to discharge liabilities to policy holders. As at 31 December 2020, the Branch's required statutory fund was in a deficit of \$70,477,196.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Branch in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Guyana Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

### *Auditors' Responsibilities/or the Audit of the Financial Statements*

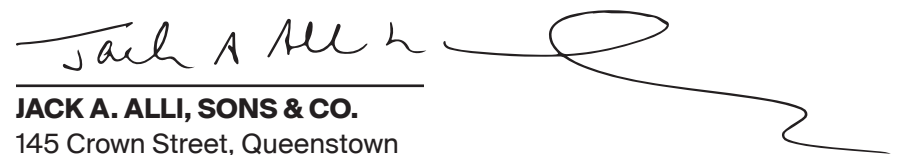
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**JACK A. ALLI, SONS & CO.**  
145 Crown Street, Queenstown  
Georgetown  
08 July 2020

**Massy United Insurance Ltd. – Guyana Branch**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2020**

(expressed in thousands of Guyana dollars)

	2020	2019
	\$	\$
<b>Revenue</b>		
Gross premium earned	615,229	497,703
Reinsurance premium ceded	<u>(285,904)</u>	<u>(233,258)</u>
Net premiums earned	329,325	264,445
Reinsurance commission	43,053	34,441
Other income	5,474	5,575
	<u>377,852</u>	<u>304,461</u>
<b>Expenses</b>		
Gross claims incurred	171,789	27,254
Reinsurers' share of claims incurred	<u>(55,737)</u>	<u>212</u>
Net claims incurred	116,052	27,466
Policy acquisition costs	72,760	65,729
General and administrative expenses	112,799	85,862
	<u>301,611</u>	<u>179,057</u>
<b>Income before taxation</b>	76,241	125,404
Taxation	<u>(44,554)</u>	<u>(76,327)</u>
<b>Total comprehensive profit for the period</b>	<u>31,687</u>	<u>49,077</u>

**Massy United Insurance Ltd. – Guyana Branch**  
**Statement of Cash Flows**  
**For the year ended December 31, 2020**

(expressed in thousands of Guyana dollars)

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before taxation	76,241	125,404
Depreciation	7,782	6,070
Interest receivable	(3,741)	(3,828)
Net movement in impairment of receivables	2,815	-
Operating profit before working capital changes	83,097	127,646
Increase in accounts receivable and prepayments	(18,666)	(30,968)
Decrease / (increase) in accounts payable and deferred income	28,731	(5,193)
Increase in general insurance liabilities, net of reinsurance assets	113,908	30,126
Net cash generated from operations	207,070	121,611
Taxes paid	<u>(46,842)</u>	<u>(98,003)</u>
Net cash generated from operating activities	<u>160,228</u>	<u>23,608</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	-	-
Increase of fixed deposits	(52,728)	(131,872)
Interest income received	3,741	3,828
Net cash used by investing activities	<u>(48,987)</u>	<u>(128,044)</u>
<b>Cash flows from financing activities</b>		
Principal repayments on lease liabilities	(2,897)	-
Net movement in head office account	<u>(161,045)</u>	<u>105,946</u>
Net cash (used by) / generated from financing activities	<u>(163,942)</u>	<u>105,946</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(52,701)	1,510
<b>Cash and cash equivalents - beginning of period</b>	100,026	98,516
<b>Cash and cash equivalents - end of period</b>	47,325	100,026

**Massy United Insurance Ltd. – Guyana Branch**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2020**

(expressed in thousands of Guyana dollars)

	Head office	Retained earnings	Total
	\$	\$	\$
<b>Balance at December 31, 2018</b>	152,987	21,858	174,845
Net movement in Head Office Account	105,946	-	105,946
Total comprehensive profit for the year	-	49,077	49,077
<b>Balance at December 31, 2019</b>	258,933	70,935	329,868
Net movement in Head Office Account	(161,045)	-	(161,045)
Total comprehensive profit for the year	-	31,687	31,687
<b>Balance at December 31, 2020</b>	<u>97,888</u>	<u>102,622</u>	<u>200,510</u>

**Massy United Insurance Ltd.**  
**Statement of Financial Position**  
**As at September 30, 2020**

(expressed in thousands of Barbados dollars)

	2020	2019
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	47,325	100,026
Fixed deposits	431,118	378,390
Accounts receivable and prepayments	135,533	119,682
Reinsurance assets	174,269	132,940
Tax refundable	79,966	73,503
Property and equipment	6,271	10,559
Right-of-use assets	13,978	-
Deferred tax asset	6,269	4,647
	<u>894,729</u>	<u>819,747</u>
<b>Liabilities</b>		
Accounts payable and deferred income (note 10)	85,872	57,141
Lease liability (note 8)	14,575	-
Insurance liabilities (note 11)	500,256	345,019
Tax payable	93,516	87,719
	<u>694,219</u>	<u>489,879</u>
<b>Equity</b>		
Head office	97,888	258,933
Retained earnings	102,622	70,935
	<u>200,510</u>	<u>329,868</u>
	<u>894,729</u>	<u>819,747</u>

Approved by the Board of Directors on 31 March 2021, and signed on its behalf by:


 Director


 Director

**Note 1**

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under the criteria, management discloses the summary consolidated statements of: financial position; changes in equity; comprehensive income and cash flows which have been derived from the audited consolidated financial statements of the Company for the year ended September 30, 2020.